



## **Legislative Bulletin.....March 29, 2001**

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**H.R. 6— Marriage Penalty and Family Tax Relief Act**

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### **H.R. 6— Marriage Penalty and Family Tax Relief Act (Weller)**

**Order of Business:** The bill will be considered under a modified closed rule.

### **Summary:**

#### **Marriage Penalty Provisions:**

- 1) The bill doubles the standard deduction for married couples filing jointly to twice that of the standard deduction for single filers. This provision takes effect on January 1, 2002.
- 2) Begins to phase out the marriage penalty in the 15% tax bracket in 2004 and completes the phase out in 2009, at which time the 15% bracket for married couples filing jointly will be twice the size of the bracket for single filers. Once fully implemented and combined with the rate reduction bill already passed by the House, married couples would not pay a marriage penalty on approximately their first \$62,000 to \$70,000 of income. However, for income taxed above the 15% bracket a marriage penalty would still exist.
- 3) For married couples filing a joint return, the bill increases the AMT exemption by \$1,000 in 2005, an additional \$500 in 2006 and an additional \$500 in every even numbered year after 2006. However, at no time would the AMT exemption for married couples exceed twice the level for single filers.
- 4) Increases the earned income limit for the purpose of the Earned Income Credit by 10% and simplifies the computation of earned income.

#### **Other Provisions:**

- 1) Repeals the AMT offset of the refundable child credit and earned income credit beginning in 2002. This provision permits filers to take full advantage of these credits irrespective of the AMT.

- 2) Increases the child tax credit from \$500 to \$600 retroactive to the first of this year, increases the credit to \$700 in 2003, \$800 in 2004, \$900 in 2005, and \$1,000 in 2006. The bill also extends the present-law refundability of the child tax credit to families with fewer than three children and allows the credit to apply fully against the AMT.

**Other Information:** The rate reduction bill already passed by the House creates, retroactive to the first of this year, a new 12% bracket that would eliminate the marriage penalty imposed by the tax brackets on the first \$12,000 of a married couples income.

**Cost to the Taxpayer:** The bill will allow American families to keep \$399.2 billion more of their own money between 2001 and 2011.

**Constitutional Authority:** The Committee Report cites Article I, Section 8 (power to lay and collect taxes) and the 16<sup>th</sup> Amendment (income tax).

**Does the Bill Create New Federal Programs or Rules:** No.

**Concerns:** No Known Concerns.

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### **AMENDMENTS:**

The rule makes the Rangel Amendment in the nature of a substitute in order. The Rangel amendment is similar if not identical to the amendment offered to H.R. 3, the Economic Growth and Tax Relief Act, which was defeated 155 to 273 (Roll Call #42).